

CEMENT

ANNUAL REPORT

2009

LAFARGE PAKISTAN CEMENT Ltd.



bringing materials to *life*


Contents

■ Company Information	01
■ Notice of Meeting	02
■ Vision and Mission Statement	05
■ Directors' Report	06
■ Statement of Compliance With Code of Corporate Governance	11
■ Auditors' Review on Statement of Compliance with best Practices of Code of Corporate Governance	13
■ Auditors' Report to the members	14
■ Balance Sheet	15
■ Statement of Comprehensive Income	16
■ Cash Flow Statement	17
■ Statement of Changes In Equity	18
■ Notes To The Financial Statements	19
■ Pattern of Shareholding	45



bringing materials to *life*

Company Information



Board of Directors	Mr. Ahmad Said Heshmat Hassan <i>Chairman</i> Maj. Gen. (R) Rehmat Khan <i>Chief Executive</i> Mrs. Amal Tantawi Mr. Amr Ali Reda Mr. Ashraf Abouelkheir Mr. Bilal Hamid Javaid Mr. Shahid Anwar (Nominee NIT)
Audit Committee	Mr. Ahmad Said Heshmat Hassan <i>Chairman</i> Mrs. Amal Tantawi Mr. Amr Ali Reda Mr. Ashraf Abouelkheir
Company Secretary	Ms. Sarah Farooq
Chief Financial Officer	Mr. Bilal Hamid Javaid
Auditors	M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Bankers	Allied Bank Limited Askari Bank Limited Citibank N.A. Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited NIB Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Royal Bank of Scotland United Bank Limited
Legal Advisors	Haidermota & Co. Barristers at Law & Corporate Counsellors, Islamabad
Share Registrar	Noble Computer Services (Pvt.) Ltd. Mezzanine Floor, House of Habib Building (Siddiqsons Tower) 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal Karachi-75350 Tel. # : PABX (92-21) 34325482-87 Fax # : (92-21) 34325442
Registered Office	18-B, Kaghan Road, F-8 Markaz, Islamabad. UAN: +92-51-111 111 722, Fax: +92-51-2817300
Plant Site	Choie Mallot Road, Tehsil Kalar Kahar, Distt. Chakwal - Pakistan.

Notice of 17th Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of the shareholders of **Lafarge Pakistan Cement Limited** will be held on Thursday, April 29, 2010, at 11:00 a.m. at Marriott Hotel, Islamabad to transact the following business:

A) ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on January 14, 2010.
2. To receive and adopt the audited accounts of the Company for the year ended December 31, 2009 along with Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending December 31, 2010 and to fix their remuneration. The retiring auditors namely M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Islamabad, being eligible, offer themselves for re-appointment.

B) SPECIAL BUSINESS

4. To amend the Articles of Association of the Company to bring the same in conformity with the Companies Ordinance, 1984 by passing the following special resolutions.

"RESOLVED THAT following amendments/changes in the Articles of Association of the Company be and are hereby approved:

Article No. To be substituted

23 The word 'Six' is substituted with the word 'Four'
28 In line 2 the word 'Three' is substituted with the word 'Ten'
61 In line 3 the word 'Five' is substituted with the word 'Four'

FURTHER RESOLVED that for the purpose of giving effect to the special resolutions, the Company Secretary and/or Chief Financial Officer of the Company be and are hereby authorized to take all necessary steps and to do all acts in the matter."

C) ANY OTHER BUSINESS

5. To transact any other business which may be placed before the meeting with the permission of the chair.

By Order of the Board



Sarah Farooq
Company Secretary

Islamabad:
April 5, 2010



Notice of 17th Annual General Meeting

Notes:

1. The share transfer books of the Company will remain closed from 22-04-2010 to 29-04-2010 (both days inclusive) to determine entitlement for attending Annual General Meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
3. CDC shareholders entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are requested to immediately notify to M/s Noble Computer Services (Pvt.) Limited, the Share Registrar of the Company, of change in their address, if any.
5. Members who have not yet submitted a photocopy of their computerized National Identity Cards to the Company are requested to send the same at the earliest to the Share Registrar.

Statement under Section 160(1)(b) of the Companies Ordinance 1984

The Board of Directors has recommended that the Articles of Association of the Company be amended to bring the provisions specified in the Notice of the Annual General Meeting in line with Companies Ordinance, 1984. After incorporating the changes the revised clauses of Articles of Association will be as under:

Clause 23

A General Meeting to be called Annual General Meeting, shall be held, in accordance with the provisions of Section 158, within eighteen months from the date of incorporation of the Company and thereafter once at least in every year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding Annual General Meeting as may be determined by the Directors.

Clause 28

No business shall be transacted at any General Meeting unless a Quorum of members is present at that time when the meeting proceeds to business. Ten members present personally who represent not less than twenty five percent of the total voting power either in their own account or as proxies shall be a Quorum.

Clause 61

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit. The quorum for a meeting of Directors shall not be less than one-third of their number or four, whichever is greater. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have and exercise a second or casting vote. A Director may and the secretary on the requisition of a Director shall, at any time, summon a meeting of Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Pakistan.

The said alteration(s) will not affect any one's interest unfavorably in the Company.

The existing Articles of Association and proposed amended Articles of the Company have been kept at the registered office of the Company and can be inspected at any time during working hours upto April 28, 2010.

The Directors of the Company have no special or extra-ordinary interest in the above resolutions except to the extent of their shareholding in the Company.



Vision Statement



“Strive to exceed the expectations of our stakeholders through sustainable growth and high quality performance”

Mission Statement



“We are committed to providing outstanding value to our customers, a safe and stimulating work environment for our employees and superior returns for our shareholders”

Directors' Report to the Shareholders

Your Directors are pleased to place before you the Annual Report of the Company for the year ended 31st December, 2009 together with the audited accounts and Auditors' report thereon.

Industry Overview

The year 2009 has been a difficult one for the entire cement industry, with the economic crisis and deteriorating security situation prevalent countrywide, construction activity has been limited. However it is an achievement that in spite of the hostile environment the industry's local dispatches were equivalent to 20.5 million tons; though a marginal decrease nevertheless from last year. Further we are proud to share that export of cement outside the country has increased tremendously from 9.8 million tons in the last year to 11.7 million tons in 2009.

Operating Highlights

The Company has demonstrated true resilience by continuing to perform against the odds despite the numerous external challenges it faced. The Company registered a higher gross profit of Rs. 984 million as against Rs. 979 million in the previous year. However cutthroat price war due to production overcapacity in the industry and soaring fuel and energy costs added to the hurdles encountered in maintaining operating profit. Resultantly the Company posted an operating loss of Rs. 23.7 million as against operating profit of Rs. 66.9 million in 2008.

Further the Company managed to reduce overall debt from 8.1 to 6.7 billion and reduced financial costs from Rs. 1,482 million to Rs. 1,231 million.

Production Review

One of the major accomplishments of the Company has been the increase in capacity utilization from 83.4% during the corresponding year to 92.7% in 2009.

Health & Safety Policy

The Lafarge Group has always been on the forefront in the area of health and safety and the same can be said of the Company. Health and safety are an integral part of the Company's working environment. Our approach is to consider not only the effects of work on health but also the effects of health on work. This holistic approach is illustrated by our health strategy predicated on the three pillars of Prevention, Reintegration and Promotion.

The key factors identified by the Group to achieve its health and safety goals are the strong and continued commitment of all employees, as well as implementation and compliance with affiliated standards and policies.

The Company has performed well in this vital field as far as Company employees are concerned however there were difficulties in ensuring application of the same standards for contractors' employees. The Company shall continue its focus on health and safety which are considered core values at Lafarge.



Directors' Report to the Shareholders

Future Outlook

The major challenge for the Company in the coming year is to be able to fight against the challenges of the market, and the economy. The global financial crisis has left the international and local economy in unprecedented turmoil and our aim is now to recover prices in the local market, enhance exports to Afghanistan at premium and open new markets for sea exports with the help of the Groups export arm (Cementia). We have begun this year committed to increasing our market share, offering our shareholders higher value and further improving work efficiency.

Election of Directors

The election of directors was held in the Extraordinary General Meeting held on 14th January, 2010 in accordance with Section 178 of the Companies Ordinance, 1984 and the following Directors were elected for a period of three years w.e.f. 14th January, 2010:

1. Mr. Ahmad Said Heshmat Hassan
2. Maj. Gen. (R) Rehmat Khan
3. Mr. Ashraf Abouelkheir
4. Mrs. Amal Tantawi
5. Mr. Amr Ali Reda
6. Mr. Bilal Hamid Javaid
7. Mr. Shahid Anwar (Nominee NIT)

The Board constituted after election appointed Mr. Ahmad Said Heshmat Hassan as Chairman and Maj. Gen. (R) Rehmat Khan as Chief Executive, in a meeting held on 21st January, 2010. The Audit Committee was reconstituted as under:

- | | |
|----------------------------------|----------|
| 1. Mr. Ahmad Said Heshmat Hassan | Chairman |
| 2. Mr. Amr Ali Reda | Member |
| 3. Mrs. Amal Tantawi | Member |
| 4. Mr. Ashraf Abouelkheir | Member |

Statement on Corporate & Financial Reporting Frame Work

In compliance with the provisions of the Code, the Directors are pleased to report the following:

- Pakistan Cement Holding Limited (PCH) holds 51.55% and Camden Holding PTE Limited (CHL) holds 21.67% ordinary shares of the Company at the balance sheet date. By virtue of indirect holding in PCH and CHL, through Lafarge Building Materials Holding, Lafarge S.A France is the Company's "Ultimate Parent Company". Lafarge is the world leader in building materials, with top-ranking positions in all of its businesses of Cement, Aggregates & Concrete and Gypsum with more than 84,000 employees in 79 countries. In 2010 and for the sixth year in a row, Lafarge was listed in the "Global 100 Most Sustainable Corporations in the World". With the world's leading building material research facility, Lafarge places innovation at the heart of its priorities, working for sustainable construction and architectural creativity;

Directors' Report to the Shareholders

- The financial statements for the year ended 31st December, 2009 prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity;
- The Company has maintained proper books of account;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended 31st December, 2009 and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS), as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- Effective internal controls have been set up. The management monitors the internal processes on an on-going basis and will strengthen the processes whenever considered necessary;
- There are no doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of stock exchanges;
- Key operating and financial data of last six years is given below;

('000)

Particulars	Year Ended June 30th.		Year Ended December 31st.			
	2004	2005	2006	2007	2008	2009
Issued, Subscribed and Paid up Capital	5,624,564	6,768,379	6,768,379	11,345,149	13,126,445	13,126,445
Capital reserve	214,839	214,839	214,839	195,821	190,477	198,966
Long term loan-secured	171,224	6,369,600	7,015,937	5,702,369	4,388,800	3,075,232
Current Liabilities	2,054,320	595,669	3,687,719	3,122,289	5,268,865	6,865,083
Property Plant & Equipment	7,595,696	12,272,472	16,995,907	17,962,219	17,247,914	16,687,998
Long term advance	-	103,295	103,295	92,966	82,636	77,869
Long term deposits	1,136	4,040	41,706	42,430	43,787	40,578
Deferred Tax Asset	-	-	265,471	542,158	749,347	749,347
Current Assets	142,063	1,958,253	763,949	2,852,908	3,856,416	2,145,492
Net Sales	-	-	88,586	4,191,594	7,439,375	8,129,961
Gross Profit/(Loss)	-	-	(139,457)	(304,958)	979,234	983,703
Financial Charges	208,329	6,505	7,599	795,985	1,481,674	1,230,810
Profit/(Loss) after Taxation	(288,529)	621,792	301,295	(521,097)	(1,242,504)	(1,278,965)
Profit/(Loss) Per Share (Rs.)	(0.51)	1.03	(0.052)	(0.59)	(1.01)	(0.97)

- Audited financial statements for the year ended 31st December, 2009 show a loss (after tax deduction) of Rs. 1,279 million. The loss per share during the year was Rs. 0.97 as against loss of Rs. 1.01 during last year. Therefore no dividend has been declared;
- There are no outstanding statutory payments on account of taxes, levies or charges except those reflected in Note No. 21 to the accounts;

Directors' Report to the Shareholders

- There have been no material changes or alteration in commitments affecting the financial position of the Company which have occurred between end of the financial year to which the balance sheet relates and the date of this report;
- The Company maintained a provident fund scheme for its eligible employees against which a contribution of Rs. 11,975,798/- was made during the year. The amount invested by the fund was Rs. 45 million as on 31st December, 2009;
- During the year ended 31st December, 2009, five meetings of Board of Directors were held and attendance of Directors is stated below:

Name of the Directors	No. of Board Meetings Attended
Mr. Ahmad Said Heshmat Hassan	1
Maj. Gen. (R) Rehmat Khan	5
Mr. Ahmed Shebl Tolba Daabes	0
Mr. Amr Ali Reda	5
Mr. Samy Ahmed Abdelkader	4
Mr. Bilal Hamid Javaid	5
Mr. Jean Desazars	0
Mrs. Amal Tantawi	2
Mr. Ashraf Abouelkheir	3
Khawaja Mohammad Naveed	0
Mr. Shahid Anwar (Nominee NIT)	2

The Directors who could not attend the board meetings were duly granted leave of absence;

- The pattern of shareholding as on 31st December, 2009 and its disclosures as required in the Code of Corporate Governance is annexed with the report;
- To the best of our knowledge, the Directors, CEO, CFO, Company Secretary, Company Auditors, their spouses and minor children have not undertaken any trading in Company's shares during the year except as per detail given below:

Name of Directors	Opening Balance 01-01-2009	Addition	Deletion	Holding As on 31-12-2009
Mr. Ahmad Said Heshmat Hassan	725	-	-	725
Maj. Gen. (R) Rehmat Khan	-	500	-	500
Mr. Ahmed Shebl Tolba Daabes	725	-	-	725
Mr. Amr Ali Reda	2900	-	-	2,900
Mr. Jean Desazars	725	-	-	725
Mrs. Amal Tantawi	725	-	-	725
Mr. Ashraf Abouelkheir	725	-	-	725
Mr. Bilal Hamid Javaid	7,250	-	500	6,750
Mr. Samy Ahmed Abdelkader	728,075	-	-	728,075
Khawaja Mohammad Naveed	10,572,476	-	-	10,572,476
	11,314,326	500	500	11,314,326

Directors' Report to the Shareholders

Auditors

M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Islamabad, retire and being eligible, offer themselves for the reappointment. The Board endorses the recommendation of the Audit Committee for their appointment as auditors of the Company for the year ending 31st December, 2010.

M/s HLB Ijaz Tabussum & Co. Chartered Accountants, Islamabad were appointed as Cost Auditors for the year ended 31st December, 2009.

Acknowledgements

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the dedicated services, loyalty and hard work of all the employees of the Company and hope this spirit of devotion and dedication will persevere.

For and on behalf of the Board



Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

Islamabad:
March 21, 2010



Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Lafarge Pakistan Cement Limited (hereinafter “the Company”) has applied the principles contained in the Code in the following manner:


1. The Company encourages the representation of independent non-executive directors on its Board of Directors (hereinafter “the Board”). At present the Board includes two executive directors, four non-executive directors and one independent non-executive director representing institutional equity interest.
2. The directors have confirmed that none of them is serving as a director in ten or more listed companies in Pakistan, including the Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. The casual vacancies which arise in the Board as a result of resignation by directors were filled up by the directors expeditiously as per clause vi of Code of Corporate Governance.
5. The Company has adopted Principles of Action, Group Rules, Code of Business Conduct, Health & Safety Policy and Health & Safety Rules of Lafarge S.A. France “The Ultimate Parent Company”. All directors and employees of the Company have agreed to and signed the said rules and policies.
6. The Board has developed a vision statement, overall corporate strategy and significant policies for the Company. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. The remuneration payable to the working directors was approved by the Board.
8. The meetings of the Board were presided over by a director elected by the Board for the purpose and the Board met for the approval of all quarterly, half yearly and annual accounts. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the directors on the Board are fully conversant with their duties and responsibilities as directors. No need was felt by the directors for any orientation course in this respect during the year.



Statement of Compliance with Code of Corporate Governance

10. Ms. Sarah Farooq was appointed as Company Secretary in place of Mr. Muhammad Anwar Sheikh w.e.f. January 21, 2010. Her appointment was approved by the Board.
11. The Directors' Report for the year ended December 31, 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were fully endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises four members; each of whom is a non-executive director.
16. The meetings of the Audit Committee were held prior to approval of interim and final results of the Company. The terms of references of the committee have been formed and advised to the Audit Committee for compliance.
17. The Board has set up an internal control/audit function.
18. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board



Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

Islamabad:
March 21, 2010



Auditor's Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2009 prepared by the Board of Directors of Lafarge Pakistan Cement Limited (the Company) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited, Chapter XIII of Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited and Chapter XI of Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquires of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further Sub-Regulation (xiii) of Listing Regulation 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 date 19 January 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transaction were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended 31 December 2009.


Chartered Accountants

Audit Engagement Partner's Name: Sajjad Hussain Gill

Date: 21 March 2010

Place: Islamabad

Auditors' Report to the members

We have audited the annexed balance sheet of **Lafarge Pakistan Cement Limited** as at 31 December 2009 and the statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the over all presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and the statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.4 to the financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of the comprehensive loss, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).


Chartered Accountants

Audit Engagement Partner's Name: Sajjad Hussain Gill

Date: 21 March 2010

Place: Islamabad

LAFARGE PAKISTAN CEMENT Ltd. | Annual Report 2009



Balance Sheet As At 31 December 2009

ASSETS

NON CURRENT ASSETS

Fixed assets

	Note	2009 Rupees	2008 Rupees
Property, plant and equipment	4	16,687,997,614	17,247,914,421
Intangibles	5	2,958,803	4,102,705
Long term advance	6	77,868,592	82,636,000
Long term deposits	7	40,578,283	43,787,015
Deferred taxation	8	749,347,229	749,347,229

17,558,750,521

18,127,787,370

CURRENT ASSETS

Stores and spares	9	937,101,437	2,453,835,221
Stock-in-trade	10	724,360,867	946,934,376
Trade debts	11	76,614,388	33,926,585
Advances	12	37,537,844	51,610,972
Short term prepayments	13	54,652,098	66,650,552
Interest accrued		992,063	1,724,652
Taxation - net		218,518,014	97,616,916
Tax refunds due from the Government		-	74,282,918
Other receivables	14	24,454,058	74,360,916
Cash and bank balances	15	71,260,931	55,472,574

2,145,491,700

3,856,415,682

TOTAL ASSETS

19,704,242,221

21,984,203,052

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Share capital	16	13,126,444,880	13,126,444,880
Reserves			
Capital reserve	17	198,965,572	190,476,700
Accumulated losses		(3,561,482,745)	(2,282,517,978)
		(3,362,517,173)	(2,092,041,278)

9,763,927,707

11,034,403,602

NON - CURRENT LIABILITIES

Long term financing	18	3,075,231,877	4,388,800,386
Liabilities against assets subject to finance lease	19	-	21,314,118
Deferred liabilities		3,075,231,877	4,410,114,504
Other long term liabilities	20	-	1,270,820,113

CURRENT LIABILITIES

Trade and other payables	21	1,138,713,140	1,146,612,874
Payable to related parties	22	1,834,381,231	-
Accrued mark-up	23	261,290,823	378,636,116
Short term borrowings	24	2,317,128,929	2,418,073,356
Current maturities of:			
long term financing	18	1,313,568,514	1,313,568,332
Liabilities against assets subject to finance lease	19	-	11,974,155

6,865,082,637

5,268,864,833

CONTINGENCIES AND COMMITMENTS

25

-

-

TOTAL EQUITY AND LIABILITIES

19,704,242,221

21,984,203,052

The annexed notes from 1 to 42 form an integral part of these financial statements.



Maj. Gen. (R) Rehamat Khan
Chief Executive Officer




Bilal Hamid Javaid
Director

Statement of Comprehensive Income For The Year Ended 31 December 2009

	Note	2009 Rupees	2008 Rupees
NET SALES	26	8,129,960,591	7,439,375,345
Cost of sales	27	(7,146,258,006)	(6,460,140,974)
GROSS PROFIT		983,702,585	979,234,371
Distribution cost	28	(459,776,930)	(483,032,572)
Administrative expenses	29	(547,245,050)	(441,666,089)
Other operating expenses	30	(21,592,378)	(35,035,616)
Other operating income	31	21,218,643	47,408,433
		(1,007,395,715)	(912,325,844)
OPERATING (LOSS) / PROFIT		(23,693,130)	66,908,527
Finance costs	32	(1,230,809,850)	(1,481,673,766)
LOSS BEFORE TAXATION		(1,254,502,980)	(1,414,765,239)
Taxation	33	(24,461,787)	172,261,681
NET LOSS FOR THE YEAR		(1,278,964,767)	(1,242,503,558)
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,278,964,767)	(1,242,503,558)
LOSS PER SHARE - Basic and diluted	34	(0.97)	(1.01)

The annexed notes from 1 to 42 form an integral part of these financial statements.


Maj. Gen. (R) Rehmat Khan
Chief Executive Officer


Bilal Hamid Javaid
Director

Cash Flow Statement

For The Year Ended 31 December 2009

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2009 Rupees	2008 Rupees
Loss before taxation		(1,254,502,980)	(1,414,765,239)
Adjustments for non cash items:			
Depreciation		655,702,080	917,135,318
Amortization of intangibles		1,143,902	3,045,809
Employee share expense		8,488,872	-
Provision for doubtful receivables		16,625,608	-
Provision against debt considered doubtful		-	4,714,538
Provision against obsolete stores and spares		3,000,000	-
Finance costs		1,082,954,593	1,030,302,474
Interest on subordinated loan		-	44,461,138
Exchange loss		147,855,257	237,865,520
Staff retirement benefits		11,975,798	11,191,755
Income on financial assets		(2,291,179)	(5,923,776)
(Gain) / loss on disposal of fixed assets		(3,092,485)	18,152,652
Fixed assets written off		-	16,882,964
		1,922,362,446	2,277,828,392
Operating profit before working capital changes		667,859,466	863,063,153
Changes in working capital:			
Decrease / (increase) in advances		14,073,128	(23,149,524)
Decrease / (increase) in stores and spares		1,513,733,784	(1,204,517,213)
Decrease / (increase) in stock in trade		222,573,509	(448,149,462)
Decrease / (increase) in short term prepayments		11,998,454	(25,272,472)
Decrease in other receivables		32,875,050	6,244,259
(Increase)/decrease in trade debts		(42,687,803)	35,717,788
Decrease in tax refunds due from the Government		74,282,918	76,438,357
Increase in trade and other payables		555,378,729	281,714,770
		2,382,227,769	(1,300,973,497)
Cash generated from / (used in) operations		3,050,087,235	(437,910,344)
Staff retirement benefits paid		(11,287,109)	(11,597,955)
Interest received on financial assets		3,024,121	5,377,084
Income tax paid		(145,362,885)	(82,460,881)
Net cash generated from / (used in) operating activities		2,896,461,362	(526,592,096)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(103,265,075)	(238,842,736)
Proceeds of disposal of property, plant and equipment		10,572,287	975,895
Long term advance received		4,767,408	10,329,500
Long term deposits		3,208,732	(1,357,143)
Net cash used in investing activities		(84,716,648)	(228,894,484)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cost of issue of share capital		-	(5,343,888)
Repayment of long term loan		(1,313,568,514)	(1,313,568,512)
Lease rentals paid		(33,288,273)	(10,407,978)
Finance costs paid		(1,348,155,143)	(956,218,504)
Net cash used in financing activities		(2,695,011,930)	(2,285,538,882)
Net increase / (decrease) in cash and cash equivalents		116,732,784	(3,041,025,462)
Cash and cash equivalents at the beginning of the year		(2,362,600,782)	678,424,680
Cash and cash equivalents at the end of the year	38	(2,245,867,998)	(2,362,600,782)

The annexed notes from 1 to 42 form an integral part of these financial statements.



Maj. Gen. (R) Rehmat Khan
Chief Executive Officer




Bilal Hamid Javaid
Director

Statement Of Changes In Equity For The Year Ended 31 December 2009

	SHARE CAPITAL Issued, subscribed and paid up	CAPITAL RESERVE		ACCUMULATED LOSSES	TOTAL
	Rupees	Share Premium Rupees	Other Rupees	Rupees	Rupees
Balance at 1 January 2008	11,345,149,360	195,820,588	-	(1,040,014,420)	10,500,955,528
Conversion of Shareholder's loan and interest thereon into equity	1,781,295,520	-	-	-	1,781,295,520
Expenses incurred on issue of shares	-	(5,343,888)	-	-	(5,343,888)
Total comprehensive loss for the year	-	-	-	(1,242,503,558)	(1,242,503,558)
Balance at 31 December 2008	13,126,444,880	190,476,700	-	(2,282,517,978)	11,034,403,602
Total comprehensive loss for the year	-	-	-	(1,278,964,767)	(1,278,964,767)
Employee share ownership plan	-	-	8,488,872	-	8,488,872
Balance at 31 December 2009	13,126,444,880	190,476,700	8,488,872	(3,561,482,745)	9,763,927,707

The annexed notes from 1 to 42 form an integral part of these financial statements.


Maj. Gen. (R) Rehmat Khan
Chief Executive Officer


Bilal Hamid Javaid
Director

Notes To The Financial Statements For The Year Ended 31 December 2009

1. THE COMPANY AND ITS OPERATIONS

Lafarge Pakistan Cement Limited ("the Company") was incorporated in Pakistan on 23rd May 1993 as a private limited company and subsequently converted into a public limited company on 18th October 1994 under the Companies Ordinance, 1984. The shares of the Company are listed on all the three Stock Exchanges of Pakistan. The principal activity of the Company is the manufacture and sale of cement. The Company is a subsidiary of "Pakistan Cement Holding Limited", a company incorporated in the British Virgin Islands, whereas the ultimate parent company of the Company is Lafarge S.A., France. The registered office of the Company is located at 18-B, Kaghan Road, F-8 Markaz, Islamabad.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention.

3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan will be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 27 - Consolidated and Separate Financial Statements (Amendment)	01 July 2009
IAS 39 - Financial Instruments: Recognition and measurement: Eligible hedged items (Amendment)	01 July 2009
IFRS 2 – Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions	01 January 2010
IFRS 3 – Business Combinations (Revised)	01 July 2009
IFRIC 17 – Distributions of Non-cash Assets to owners	01 July 2009
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	01 July 2010

Notes To The Financial Statements

For The Year Ended 31 December 2009

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not effect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 01 January 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

3.3 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Notes
Determining the residual values and useful lives of property and equipment	3.5 & 4
Impairment of	
- Fixed assets	3.5.1 and 4
- Intangible assets	3.5.2 and 5
- Trade debts	3.11 and 11
Recognition of current tax and deferred tax	3.15 and 33
Accounting for staff retirement benefits	3.14

3.4 Changes in accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparations of the Company's financial statements for the year ended 31 December 2008, except for the presentation and disclosure changes resulting from the adoption of IAS 1 - "Presentation of Financial Statements (Revised)", IFRS 7 - "Financial Instruments: Disclosure", IAS 23 - "Borrowing Costs (Revised)", as described below :

IAS 1 - Presentation of Financial Statements (Revised)

The revised standards separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non owners changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Company has elected to present one single statement.

Notes To The Financial Statements For The Year Ended 31 December 2009

IFRS 7 - Financial Instruments: Disclosure

The standard requires disclosures related to financial instruments that enables user of financial statements to evaluate their significance for the Company and the nature and extent of risks arising from such financial instruments. These new disclosures are included throughout the financial statements.

IAS 23 - Borrowing Costs (Revised)

The revised IAS 23 was issued in April 2007 and became effective for accounting periods beginning on or after 01 January 2009. The revised standard requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense out borrowing costs as they were incurred. In accordance with the transitional provision of the amended IAS 23, the Company has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalized on qualifying assets with a commencement date on or after 01 January 2009. However, the change in accounting policy had no impact on the earnings of the Company during the year ended 31 December 2009 as there were no eligible qualifying assets or attributable borrowing costs.

3.5 Standards or interpretations effective in 2009 but not relevant to the Company

The following standards and interpretations are effective for financial periods beginning on or after 01 January 2009 but are either not relevant or do not have any effect / material effect on the financial statements of the Company:

Standard or Interpretation

IAS 29 - Financial Reporting in Hyperinflationary Economies

IAS 32 - Financial Instruments: Presentation - Amendments regarding Puttable Financial Instruments

IFRS 8 - Operating Segments

IFRIC 12 - Service concession arrangements

IFRIC 13 - Customer loyalty programs

IFRIC 14 - IAS 19 - The limit on defined benefit asset, minimum funding requirement and their interactions

IFRIC 15 - Agreements for the Construction of Real Estate

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

3.6 Fixed assets

3.6.1 Property, plant and equipment

i) Owned

Property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. The cost of property, plant and equipment includes acquisition costs, borrowing costs and other directly attributable expenses incurred during the construction phase of the relevant asset. Standby equipment and spares held for capital use are recognised as part of property, plant and equipment.

Notes To The Financial Statements

For The Year Ended 31 December 2009

Depreciation is charged to the profit and loss account on the straight line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives as specified in note 4.1. Depreciation commences from the month the asset is available for use up to the month when it retired.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the year the item is derecognised.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gain or loss on disposal of property plant and equipment if any is included in the profit and loss account.

ii) Leased

The Company recognizes finance leases as assets and liabilities in the balance sheet at an amount equal at the inception of the lease to the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease. Depreciation commences from the date the asset is available for use up to the date of its retirement. Depreciation is charged to the profit and loss account on the straight line method so as to write off the depreciable amount of the leased assets over the shorter of their lease term or useful life, as mentioned in note 4.1 to the financial statements.

Depreciation is charged at the same rates as charged on the Company's own assets.

iii) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of tangible fixed assets in the course of their erection, installation and acquisition. The assets are transferred to the relevant category of operating fixed assets when they are available for use.

iv) Change in accounting estimate

During the year, management reviewed the useful lives of operating fixed assets and intangible assets. As a result management is of the view that the current estimates of useful lives need to be revised to more accurately reflect the inflow of economic benefits associated with the said assets. The original and revised estimates are:

Notes To The Financial Statements For The Year Ended 31 December 2009

Operating fixed assets

	Previous Useful life (years)	Revised Useful life (years)
Building on freehold land	35	25 to 30
Plant and machinery	15 to 30	30
Office equipment	10	5 to 10
Computers and low voltage equipment	3	5
Vehicles-owned	8	4 to 5
Laboratory equipment	10 to 20	30
Workshop equipment	7 to 20	30
Furniture and fittings	10	5 to 10
Intangibles	3	5

The above change has been accounted for as a change in an accounting estimate in accordance with the requirements of the International Accounting Standard (IAS-8) "Accounting Policies, Changes in Accounting Estimates and Errors" whereby the effect of this change is recognized separately. Had the company not made the above change in accounting estimate, depreciation on operating fixed assets and amortization on intangibles for the year would have increased by Rs 276,316,819 and Rs 1,615,780 respectively and net loss before tax would have increased by Rs 277,932,599.

3.6.2 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such an asset can also be measured reliably. The assets so recognized are amortized over the period during which the related economic benefits are likely to accrue to the Company. Intangible assets are stated, once recognized, at cost less accumulated amortization and impairment losses, if any. Amortization is provided from the month when the asset becomes available for use upto the month when it retires, on a straight line basis so as to write off the cost of an asset over its estimated useful life at the rates mentioned in note 5 to the financial statements.

3.7 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expenses in the profit and loss account.

3.8 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed out in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

Notes To The Financial Statements

For The Year Ended 31 December 2009

3.9 Advances and deposits

These are recognized at cost, which is the fair value of the consideration given. However an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying value.

3.10 Stores, spares and loose tools

These are valued on a weighted average cost basis except for store, spares and loose tools in transit, which are stated at invoice price plus other charges incurred thereon up to the balance sheet date. Provision is made for slow moving and obsolete items where considered necessary.

3.11 Stock in trade

Stock is valued at the lower of cost and net realizable value. Cost in relation to raw and packing materials is determined on a weighted average basis and in relation to work in process and finished goods represents average costs comprising direct material, labour and manufacturing overheads. Cost comprises invoice values and other costs incurred for bringing the stock to its present location and condition for its intended use. Net realizable value represents the estimated selling price less estimated costs of completion and costs necessary for such sale.

3.12 Trade debts

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. When the recovery of an amount is considered unlikely by management, a provision is made for the same. Bad debts are written-off when identified.

3.13 Loans and other receivables

These are stated at cost less provision for impairment, if any.

3.14 Cash and cash equivalents net of short term borrowings

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks in current and deposit accounts. Cash and cash equivalents also include short term borrowings that are repayable on demand.

3.15 Staff retirement benefits

Defined contribution plan

The Company operates an approved contributory provident fund scheme for eligible employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary. The Company's contribution is charged to the profit and loss account.

3.16 Taxation

Current

Provision for current tax is based on taxable income at the rates applicable for the current tax year including final tax regime, after considering rebates and tax credits available, if any in accordance with the Income Tax Ordinance 2001.

Notes To The Financial Statements For The Year Ended 31 December 2009

Deferred

Deferred tax is recognised, proportionate to local sales using the liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets, arising from deductible temporary differences and carry-forward of unused tax losses, are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.17 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received till the year end, whether or not billed to the Company.

3.18 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.19 Revenue recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria must be met before revenue is recognized:

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.

Return on bank deposits and markup on long term advance is recognized using the effective interest method.

3.20 Foreign currencies

The financial statements are presented in Pak Rupee, which is the Company's functional currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes To The Financial Statements

For The Year Ended 31 December 2009

3.21 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

3.22 Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.23 Share based compensation

The economic cost of awarding shares of Group Companies to employees is reflected by recording a charge in the statement of comprehensive income, equivalent to the fair value of shares on the grant date over the vesting period, with a corresponding reserve created to reflect the equity component.

Notes To The Financial Statements For The Year Ended 31 December 2009

4 PROPERTY, PLANT AND EQUIPMENT

	2009 Rupees	2008 Rupees
Operating fixed assets	16,605,289,410	17,228,526,797
Capital work-in-progress	82,708,204	19,187,054
	<u>16,687,997,614</u>	<u>17,247,713,851</u>

4.1 Operating fixed assets

Note	As at		Useful life Revised years	ACCUMULATED DEPRECIATION		As at		As at 31 December 2009	As at 31 December 2009
	01 January 2009	31 December 2009		Charge for the year	On (disposals)/ adjustments*	01 January 2009	31 December 2009		
31 December 2009									
Owned									
Freehold land	81,892,837	-	25 to 30	-	-	-	-	-	81,892,837
Building on freehold land	4,410,813,536	1,854,806	25 to 30	-	147,600,564	202,326,901	349,927,865	4,062,740,477	
Plant and machinery	12,899,084,663	-	3 to 10	-	414,546,363	1,177,669,778	1,592,216,141	11,306,868,522	
Office equipment	10,908,822	-	5 to 10	-	2,174,117	1,628,039	3,802,156	7,106,666	
Furniture and fittings	4,415,168	-	5 to 10	-	11,767,795	10,078,795	13,962,433	14,442,238	
Computers and low voltage equipment	375,116	-	4 to 5	-	35,401,466	100,875,327	137,646,628	24,432,485	
Vehicles	38,207,075	7,689,747	4 to 5	(19,445,663)	33,946,517	13,475,936	53,231,759	22,885,111	
Laboratory equipment	693,799,759	11,187,081	30	-	8,365,201	131,281,232	139,646,433	565,340,407	
Workshop equipment	342,579,980	8,376,578	30	-	10,748,093	39,686,860	50,434,953	300,521,605	
Leased									
Vehicles	48,965,711	-	4	(48,965,711)	-	17,773,167	-	-	-
	18,918,105,672	39,844,495			655,702,080	1,689,478,875	2,333,215,094	16,605,289,410	

4.1.1 Additions during the year include the following fixed assets transferred from capital work in progress:

	2009 Rupees	2008 Rupees
Building on freehold land	1,854,806	919,366,729
Plant and Machinery	3,982,278	56,356,145
Vehicles	-	5,920,585
Office equipment	4,408,592	7,210,351
Furniture and fittings	3,662,861	1,044,605
Computer and low voltage equipment	5,232,263	5,214,366
Laboratory equipment	8,376,578	995,082,181
Workshop equipment	27,517,378	-

* Adjustments are for the transfer of leased vehicles to owned vehicles upon settlement of related lease obligation. (Refer Note 19).

4.1.2 Operating fixed assets include equipment and spares held for capitalisation, aggregating to Rs. 37,509,849 (2008: Rs. 40,189,524), at the year end.

31 December 2008

Owned	As at		Useful life/ lease term Years	COST		ACCUMULATED DEPRECIATION		WRITTEN DOWN VALUE	
	01 January 2008	31 December 2008		As at 01 January 2008	Charge for the year	On (disposals)/ adjustments	As at 31 December 2008	As at 31 December 2008	
Freehold land	81,429,710	-	-	-	-	-	-	-	81,429,710
Building on freehold land	3,491,447,407	463,127	35	919,366,729	-	100,149,338	102,177,563	202,326,901	4,208,486,635
Plant and machinery	12,862,084,617	93,252,760	15 to 30	(24,630,016)	(31,622,698)	516,193,906	662,921,493	1,177,669,778	11,721,414,885
Office equipment	3,337,788	7,571,034	10	-	-	794,836	833,203	1,628,039	9,280,783
Furniture and fittings	16,739,123	16,739,123	10	-	-	3,251,793	1,509,002	4,760,795	11,978,328
Computers and low voltage equipment	366,651,404	8,462,762	3	-	-	52,199,607	48,676,560	100,876,167	274,237,999
Vehicles	31,136,175	7,070,900	8	-	-	10,307,984	3,167,952	13,475,936	24,731,139
Laboratory equipment	692,376,554	1,423,205	10 to 20	-	-	66,642,890	64,638,342	131,281,232	562,518,527
Workshop equipment	337,365,614	5,214,366	7 to 20	-	-	18,845,815	20,841,045	39,686,860	302,893,120
Leased									
Vehicles	49,049,227	1,335,988	4	(49,049,227)	(1,419,484)	5,845,598	12,370,158	17,773,167	31,192,544
	17,931,611,619	1,046,160,251		(24,630,016)	(35,042,182)	774,232,767	917,135,318	1,689,478,875	17,228,526,797

Notes To The Financial Statements

For The Year Ended 31 December 2009

4.1.3 Depreciation charge for the year has been allocated as follows:

	Note	2009 Rupees	2008 Rupees
Cost of sales	27	642,098,207	900,845,621
Distribution cost	28	3,196,521	3,014,589
Administrative expenses	29	10,407,352	13,275,108
		<u>655,702,080</u>	<u>917,135,318</u>

4.2 The details of fixed assets disposed off during the year are as follows:

	Original cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
	(Rupees)						
Vehicles							
Honda Civic VTI	1,235,000	1,235,000	-	904,762	904,762	Auctioned	Faisal Hafeez Harley Street Rawalpindi Cantt
Honda Civic VTI	1,419,484	739,315	680,169	1,285,714	605,545	Auctioned	M. Farjam Mubarik Service road, Rawalpindi
Honda Civic VTI	1,419,484	709,742	709,742	1,238,096	528,354	Auctioned	M. Talha-bin-Naseer F-11/3 Islamabad
Honda Civic VTI	1,365,438	853,399	512,039	512,039	-	Company Policy	Naveed Ijaz G-9/1, Islamabad.
Honda Civic VTI	1,419,484	857,605	561,879	532,306	(29,573)	Company Policy	Shafqat Mahmood Malik M. Khan Colony, Hasanabdal
Suzuki Cultus VXR	610,641	343,485	267,155	533,333	266,178	Auctioned	M. Usman Zubairi F-7/1, Islamabad
Suzuki Cultus VXR	667,984	250,494	417,490	514,904	97,414	Company Policy	Ghulam Yasin Block V, Dera Ghazi Khan.
Suzuki Cultus VXR	667,984	250,494	417,490	514,904	97,414	Company Policy	Shahzad Mahmood Al-Najaf Colony, Faisalabad.
Suzuki Cultus VXR	605,641	391,143	214,498	227,115	12,617	Company Policy	Muhammad Saleem Liaquat Town, Faisalabad.
Suzuki Cultus VXR	610,641	394,372	216,269	228,990	12,721	Company Policy	Syed Shaukat Hussain Kamalpur Syedan, Attock Cantt
Suzuki Cultus VXR	610,641	394,372	216,269	228,990	12,721	Company Policy	Muhammad Tariq Phase II, Hayatabad, Peshawar
Suzuki Cultus VXR	610,641	394,372	216,269	241,712	25,443	Company Policy	Nasir Saeed Khan Lalazar, Rawalpindi
Suzuki Cultus VXR	610,641	394,372	216,269	292,600	76,331	Company Policy	Hammad Khalid Satellite Town, Rawalpindi.
Suzuki Cultus VXR	610,641	394,372	216,270	241,712	25,442	Company Policy	Raja Ziauddin Tench Bhatta, Rawalpindi
Toyota Corolla GLI	997,332	623,332	374,000	374,000	-	Company Policy	Mohammed Umar Rafi F-11/3, Islamabad
Toyota Corolla GLI	997,331	623,332	373,999	374,000	1	Company Policy	Nasir Sarfraz Khan Block Z, DHA, Lahore.
Toyota Corolla GLI	997,331	623,332	373,999	644,110	270,111	Company Policy	Muhammad Jaweed Iqbal Basti Allah Wali, Chakwal.
Toyota Corolla GLI	997,331	623,332	373,999	374,000	1	Company Policy	Tariq Shahzad Azam Falcon Complex, Lethrar Road, Rawalpindi.
Toyota Corolla GLI	997,331	623,332	373,999	561,000	187,001	Company Policy	Muhammad Saud Raja G-7/4, Islamabad.
Toyota Corolla GLI	997,331	623,332	373,999	374,000	1	Company Policy	Syed Imran Ali Burney Canal View Housing Authority, Lahore.
Toyota Corolla GLI	997,331	623,332	373,999	374,000	1	Company Policy	Mian Yasser Sulaiman Village Adam Zai, District Nowshera
	<u>19,445,663</u>	<u>11,965,861</u>	<u>7,479,802</u>	<u>10,572,287</u>	<u>3,092,485</u>		

Notes To The Financial Statements

For The Year Ended 31 December 2009

4.3	Capital work-in-progress	Note	2009 Rupees	2008 Rupees
	Plant and machinery		70,974,236	-
	Civil and development works		3,515,481	5,597,986
	Construction material		3,565,087	-
	Vehicles		-	3,982,278
	Work at height project		4,212,482	-
	Furniture and Fittings		-	3,585,751
	Laboratory equipment		-	635,877
	Computer and low voltage equipment		-	6,996
	Workshop equipment		-	4,343,737
	Advances to suppliers and contractors		440,918	1,134,999
			<u>82,708,204</u>	<u>19,287,624</u>
4.3.1	Movement in capital work-in-progress during the year is as follows:			
	Opening balance		19,287,624	804,833,663
	Additions during the year		90,937,958	209,536,142
	Transfers to operating fixed assets	4.1.1	<u>(27,517,378)</u>	<u>(995,082,181)</u>
			<u>82,708,204</u>	<u>19,287,624</u>
5.	INTANGIBLES			
	Licensed computer software			
	Cost			
	Opening balance		8,279,047	8,279,047
	Amortization to date			
	Opening balance		4,176,342	1,130,533
	Amortization for the year	29	1,143,902	3,045,809
			<u>5,320,244</u>	<u>4,176,342</u>
	Written down value		<u>2,958,803</u>	<u>4,102,705</u>
	Amortization rate		<u>20%</u>	<u>33%</u>
6.	LONG TERM ADVANCE			
	Considered good - unsecured			
	Sui Northern Gas Pipelines Limited	6.1	82,636,000	92,965,500
	Employee share ownership plan	6.2	11,624,671	-
			<u>94,260,671</u>	<u>92,965,500</u>
	Current portion shown under current assets			
	Sui Northern Gas Pipelines Limited	12	(10,329,500)	(10,329,500)
	Employee share ownership plan	12	(6,062,579)	-
			<u>(16,392,079)</u>	<u>(10,329,500)</u>
			<u>77,868,592</u>	<u>82,636,000</u>

Notes To The Financial Statements

For The Year Ended 31 December 2009

6.1 This represents the outstanding balance of advance given by the Company to Sui Northern Gas Pipelines Limited (SNGPL) during the year ended 30 June 2005 for the construction of a gas pipeline. The advance is recoverable over 10 years commencing 28 March 2007 in equal annual installments of Rs. 10.330 million each and carries mark up at the rate of 1.5% (2008: 1.5%) per annum.

6.2 This represents the advance given to employees to acquire shares of Lafarge S.A., France, the Ultimate Parent Company, under the employee share ownership plan (LEA 2009). The same is recoverable over a period of 2 years and is interest free. The advance has not been discounted to its present value as the financial impact thereof is not considered material by the management.

7.	LONG TERM DEPOSITS	Note	2009 Rupees	2008 Rupees
	Considered good			
	Security deposits			
	Islamabad Electric Supply Company Limited	7.1	37,789,030	37,789,030
	Others		2,789,253	5,997,985
			<u>40,578,283</u>	<u>43,787,015</u>

7.1 This represents the amount deposited for the supply of electricity to the plant.

8. DEFERRED TAXATION

Deferred tax credit arising on account of:

Accelerated tax depreciation	(3,772,322,827)	(3,772,322,827)
------------------------------	-----------------	-----------------

Deferred tax debits arising in respect of:

Obligations under finance leases	13,942,788	13,942,788
Brought forward tax losses	4,507,727,268	4,507,727,268
	<u>749,347,229</u>	<u>749,347,229</u>

8.1 In accordance with its accounting policy for recognizing deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and /or carry forward of unused tax losses can be utilized, the Company has, with effect from 01 July 2008, suspended the recognition of any further deferred tax asset. As a result of which net deductible temporary differences on which the deferred tax asset has not been recognized in these financial statements amounted to Rs. 2,460 (2008: Rs.1,828) million at the close of the year.

9.	STORES AND SPARES	Note	2009 Rupees	2008 Rupees
	In hand			
	Spare parts		734,155,544	647,490,241
	Fuel		200,714,628	913,753,238
			934,870,172	1,561,243,479
	Provision for obsolete spare parts		(3,000,000)	-
			<u>931,870,172</u>	<u>1,561,243,479</u>
	In transit			
	Spare parts and fuel		5,231,265	892,591,742
			<u>937,101,437</u>	<u>2,453,835,221</u>

Notes To The Financial Statements

For The Year Ended 31 December 2009

	Note	2009 Rupees	2008 Rupees
10. STOCK-IN-TRADE			
In hand			
Raw material		27,012,719	9,681,244
Work in process		442,073,146	536,026,015
Finished goods		79,917,419	71,502,712
Packing material		160,769,166	156,034,064
		709,772,450	773,244,035
In transit			
Packing material		-	71,703,869
Finished goods		14,588,417	101,986,472
		14,588,417	173,690,341
		724,360,867	946,934,376
11. TRADE DEBTS			
Considered good - unsecured			
Related parties			
Marine Cement Limited		66,807,482	-
Others		9,806,906	33,926,585
Considered doubtful:			
Others		4,714,538	4,714,538
Provision against debts considered doubtful	11.1	(4,714,538)	(4,714,538)
		-	-
		76,614,388	33,926,585
11.1 Provision against debts considered doubtful:			
Opening balance		(4,714,538)	-
Additions during the year		-	(4,714,538)
		(4,714,538)	(4,714,538)
12. ADVANCES			
Considered good			
Secured against bank guarantee			
Suppliers		4,254,250	610,000
Unsecured			
Current portion of advance to Sui Northern Gas Pipelines Limited	6	10,329,500	10,329,500
Employees			
Current portion of advance against employee share ownership plan	6	6,062,579	-
Others		7,492,456	1,685,963
Suppliers and contractors		9,399,059	38,985,509
		33,283,594	51,000,972
		37,537,844	51,610,972
13. SHORT TERM PREPAYMENTS			
Insurance		40,213,168	52,167,256
Rent		14,101,258	14,483,296
Others		337,672	-
		54,652,098	66,650,552

Notes To The Financial Statements

For The Year Ended 31 December 2009

14.	OTHER RECEIVABLES	Note	2009 Rupees	2008 Rupees
	Considered good			
	Due from related parties			
	Emirates Cement Company (EMCC)(UAE)		-	417,306
	Al-Safwa (Kingdom of Saudi Arabia)		4,166,833	-
	Cementia Trading (Switzerland)		100,000	-
	United Cement Company (Iraq)		141,842	47,500
	Employees' Provident Fund		-	406,200
			4,408,675	871,006
	Others			
	Export rebate		18,329,248	11,565,566
	Insurance claim		274,500	12,943,000
	Other receivables		1,441,635	-
	Considered doubtful			
	Due from Sui Northern Gas Pipelines Limited (SNGPL)		16,625,608	48,981,344
	Provision against receivable considered doubtful	14.1	(16,625,608)	-
			24,454,058	74,360,916
14.1	Provision against receivable considered doubtful			
	Opening balance		-	-
	Additions during the year		(16,625,608)	-
			(16,625,608)	-
15.	CASH AND BANK BALANCES			
	Cash			
	in hand		2,460,216	1,924,555
	Cash at banks			
	Current accounts		33,509,007	43,289,528
	Deposit accounts	15.1	35,291,708	10,258,491
			68,800,715	53,548,019
			71,260,931	55,472,574
15.1	These carry interest at rates, ranging between 5% and 9% (2008: 7% and 9.5%) per annum.			
16.	SHARE CAPITAL			
	2009	2008		
	Number of shares			
	2,250,000,000	2,250,000,000	22,500,000,000	22,500,000,000
			Authorized capital	
			Ordinary shares of	
			Rs. 10/- each	
			Issued, subscribed and paid-up	
	1,312,644,488	1,312,644,488	13,126,444,880	13,126,444,880
			Ordinary shares of	
			Rs. 10/- each issued for cash	
16.1	Pakistan Cement Holding Limited (PCH) held 51.55% and Camden Holding PTE Limited (CHL) held 21.67% ordinary shares of Rs. 10 each of the Company at the close of the current year. Lafarge S.A., France, is the ultimate parent of the Company by virtue of their indirect holdings in the PCH and CHL, through Lafarge Building Materials Holding, Egypt.			

Notes To The Financial Statements For The Year Ended 31 December 2009

	Note	2009 Rupees	2008 Rupees
17. CAPITAL RESERVE			
Share premium	17.1	190,476,700	214,838,692
Expenses incurred on issue of further shares		-	(24,361,992)
Others	17.2	8,488,872	-
		<u>198,965,572</u>	<u>190,476,700</u>

17.1 This represents a premium of Rs. 0.50 per ordinary share of Rs. 10 each, on 429,677,383 ordinary shares issued during the year ended 30 June 1995 and 1996.

17.2 Employee share ownership plan

During this year Lafarge S.A., France, offered all its employees, including those of its subsidiary companies an employee share ownership plan. Under the plan, employees can acquire shares ranking for dividend from 01 January 2010 at a 20% discount to the average quoted market price for the 20 trading days preceding the date on which subscription price was set (12 October 2009) i.e. the discounted price at EUR 48.80 per share. Further, the shares acquired under the above scheme have a lock-in period of 5 years i.e. are non-tradable for that period. The subscription period was from 15 October 2009 through to 09 November 2009 and a total of 5,539 shares were subscribed by the employees of Lafarge Pakistan Cement limited. The Company contributed 60% towards the cost of the first 15 shares purchased by each employee under the plan. A total expense of Rs. 20.687 million was recognised in this respect in the statement of comprehensive income for the year ended 31 December 2009 out of which Rs. 8.48 million relates to the discount given by Lafarge S.A., France with the corresponding effect in equity.

	Note	2009 Rupees	2008 Rupees
18. LONG TERM FINANCING			
Secured			
Local banks	18.1, 18.2	4,388,800,391	5,702,368,718
Current portion shown under current liabilities		(1,313,568,514)	(1,313,568,332)
		<u>3,075,231,877</u>	<u>4,388,800,386</u>

18.1 Included herein is a long term loan arranged by the Company for capital expenditure purposes amounting to Rs. 2,596 million (2008: 3,461 million) from a syndicate of commercial banks including MCB Bank Limited (as agent), Habib Bank Limited, Allied Bank Limited, United Bank Limited, NIB Bank Limited, Citibank NA, Standard Chartered Bank (Pakistan) Limited, Habib Metropolitan Bank Limited, Askari Bank Limited and Soneri Bank Limited. The term of the loan is seven years, with a two year grace period, repayable in 10 equal bi-annual installments, that commenced on 10 March 2008. The rate of mark-up on the said facility is the base rate plus 175 basis points per annum, with no floor and cap. The base rate is defined as the Spot 6 months KIBOR (ask side) to be reset on 10 March and 10 September every year.

The loan is secured against (i) a first mortgage charge of Rs.10,400 million ranking pari passu with the Company's creditors on the properties of the Company (ii) a first charge by way of hypothecation on the Company's assets of Rs.10,400 million and (iii) a Rs. 4,388 million Corporate Guarantee issued by Lafarge SA (the Ultimate Parent Company).

The Company is allowed to prepay loan installments subject to a 90 days notice. Profit distributions to the shareholders are restricted at 30% of net profits and subject to the lenders' concurrence.

18.2 Included herein is a long term loan arranged by the Company for capital expenditure purposes amounting to Rs. 1,792 million (2008: 2,240 million) from a syndicate of commercial banks that include Citibank NA (as agent), MCB Bank Limited, Allied Bank Limited and Standard Chartered Bank (Pakistan) Limited. The term of the loan is eight years with a two year grace period, repayable in 12 equal bi-annual installments that commenced on 10 March 2008. The rate of mark-up of the said facility is the base rate plus 100 basis points per annum with no floor and cap. The base rate is defined as the Spot 6 months KIBOR (ask side) to be reset on 10 March and 10 September every year.

The loan is secured against (i) a first mortgage charge of Rs.10,400 million ranking pari passu with the Company's creditors on the properties of the Company (ii) a first charge by way of hypothecation on the Company's assets of Rs.10,400 million (iii) Eksport Kredit Fonden Guarantee issued in favour of the facility agent and (iv) Rs. 4,388 million Corporate Guarantee issued by Lafarge SA (the Ultimate Parent Company).

The Company is allowed to prepay loan installments subject to a 90 days notice. Profit distributions to the shareholders are restricted at 30% of net profits and subject to the lenders' concurrence.

Notes To The Financial Statements

For The Year Ended 31 December 2009

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Particulars	2009		2008	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Not later than one year	-	-	16,977,396	11,974,155
Later than one year but not later than five years	-	-	24,404,369	21,314,118
Minimum lease payments	-	-	41,381,765	33,288,273
Finance charges allocated to future periods	-	-	(8,093,492)	-
Present value of minimum lease payments	-	-	33,288,273	33,288,273
Current maturity shown under current liabilities	-	-	(11,974,155)	(11,974,155)
	-	-	21,314,118	21,314,118

19.1 The Company has paid all its outstanding obligations under finance leases in January 2009 and acquired the related assets before the end of the lease term.

20. OTHER LONG TERM LIABILITIES	Note	2009 Rupees	2008 Rupees
Unsecured			
Due to related parties			
Technical services and royalty	20.1		
Opening balance		1,270,820,113	597,972,122
Addition during the year		-	699,847,991
Present value adjustment		-	(27,000,000)
		1,270,820,113	1,270,820,113
Imputed interest charged to the statement of comprehensive income		27,000,000	-
		1,297,820,113	1,270,820,113
Current portion	22	(1,297,820,113)	-
		-	1,270,820,113

20.1 During the prior year, the Company filed an application with the State Bank of Pakistan (SBP) for the registration of its Royalty agreement with a related party. The said application was rejected during the year by the SBP due to a time bar. The Company is currently planning to contest the decision of the SBP and is simultaneously seeking approval for a Technical Services Agreement (with another related party) from the SBP. The Company expects that these agreements will be approved by the SBP in the near future and enable it to repatriate the outstanding balance of Technical Services Fee and Royalty to the related parties.

21. TRADE AND OTHER PAYABLES	2009 Rupees	2008 Rupees
Trade		
Creditors	206,295,192	200,139,674
Other payables		
Advances from customers	114,510,406	49,987,749
Accrued liabilities	485,619,487	535,883,410
Security deposits	13,478,782	10,900,000
Retention money	165,624,988	241,154,450
Payable to provident fund	282,489	-
Excise duty	101,807,164	95,631,586
Tax deducted at source	1,366,171	5,604,579
Sales tax	30,259,131	-
Marking fee payable	13,920,846	5,812,517
Others	5,548,484	1,498,909
	1,138,713,140	1,146,612,874

Notes To The Financial Statements

For The Year Ended 31 December 2009

22.	PAYABLE TO RELATED PARTIES	Note	2009 Rupees	2008 Rupees
	Technical services and royalty:			
	Current portion of other long term liability	20	1,297,820,113	-
	Addition during the year		245,193,356	-
			1,543,013,469	-
	Industrial franchise fee	22.1	291,367,762	-
			<u>1,834,381,231</u>	<u>-</u>
22.1	During the current year, the Company has entered into an Industrial Franchise Agreement (IFA) with Lafarge S.A., France (the ultimate parent Company) under which the Company will pay a franchise fee @ 3% p.a. of net sales effective from 01 January 2009. The amount is payable in Euros on quarterly basis. This IFA has replaced the previous Royalty agreement with another related party (Refer note 20.1).			
23	ACCRUED MARK-UP		2009 Rupees	2008 Rupees
	Accrued mark-up on secured:			
	Long term financing		193,680,552	278,262,296
	Short term borrowings		67,610,271	100,373,820
			<u>261,290,823</u>	<u>378,636,116</u>
24	SHORT TERM BORROWINGS			
	Secured under mark-up arrangements			
	Running finance	24.1	242,128,929	2,418,073,356
	Short term loan	24.2	1,200,000,000	-
	Export refinance facility	24.3	875,000,000	-
			<u>2,317,128,929</u>	<u>2,418,073,356</u>
24.1	This represents the utilised balance of running finance facilities of Rs. 3,800 million (2008: Rs. 4,000 million), availed from a consortium of banks including Habib Bank Limited, Allied Bank Limited, United Bank Limited and NIB Bank Limited. Markup is payable on a quarterly basis in arrears at the rate ranging between 3 months KIBOR + 1.45% and 3 months KIBOR + 1.50% per annum. These are secured against guarantees issued by Lafarge Building Materials Holding, Egypt (a related party) a letter of comfort from Lafarge S.A., France (the ultimate parent company) and a ranking hypothecation charge over assets of the Company excluding land, building, cash and cash equivalents.			
24.2	This represents a short term loan for a period of 3 months received under the running finance facility from Habib Bank Limited, secured against guarantees and charges as mentioned in note 24.1. The mark up is payable on maturity at the rate of 3 months KIBOR + 1.38% per annum.			
24.3	This represents the outstanding balance of an Export Refinance Facility arranged from United Bank Limited (Rs. 400 million), NIB Bank Limited (Rs. 250 million) and Allied Bank Limited (Rs. 225 million). Markup is payable on a quarterly basis in arrears at the rate ranging between 7.5% and 8% + 100 basis points. These facilities are secured against guarantees issued by Lafarge Building Materials Holding, Egypt (a related party) a letter of comfort from Lafarge S.A., France (the Ultimate Parent Company) and a ranking hypothecation charge over the assets of the Company excluding land, building, cash and cash equivalents, and are sub-limits of facilities mentioned in 24.1.			
25	CONTINGENCIES AND COMMITMENTS			
25.1	Contingencies:			
a)	The Company has issued post dated cheques, aggregating to Rs. 23.410 million (2008: Rs. 92.813 million) in favour of the Collector of Customs against the import duty of polypropylene sacks.			
b)	The Company has issued a bank guarantee of Rs. 436.642 million (2008: 436.642 million) in favour of Sui Northern Gas Pipelines Limited in lieu of security deposits against supply of natural gas at the plant.			
c)	The Revenue Officer, District Chakwal, raised a demand of Rs. 270.58 million (2008: 270.58 million) being short fall in stamp duty and penalty in respect of land mortgaged against foreign long term financing. During the course of appellate procedures, the Chief Revenue Authority, Board of Revenue, Punjab reiterated the demand and the Company finally filed a revision petition with the Lahore High Court, Rawalpindi Bench which was dismissed by an order dated 15 April 2008. The Company has filed a petition for leave to appeal against the order in the Supreme Court of Pakistan. The appeal has been allowed by the Supreme Court vide their order dated 19 June 2009 and the case has been remanded to the High Court for rehearing. No provision has been made in the financial statements as the Company and its legal counsel are of the opinion that the matter is likely to be decided in favour of the Company.			

Notes To The Financial Statements

For The Year Ended 31 December 2009

- d) The Competition Commission of Pakistan (CCP) has passed an order against all cement manufacturers including the Company; the CCP alleges that the company was involved in cartelization activities with other cement manufacturers and has imposed a fine of Rs. 405 million. The Company has filed an appeal before the Lahore High Court and is in the process of filing an appeal in the Supreme Court of Pakistan against the decision of the CCP. No provision has been made in the financial statements as the Company and its legal counsel are of the opinion that the matter is expected to be decided in the favour of the Company.

25.2	Commitments:	Note	2009 Rupees	2008 Rupees
a)	Outstanding letters of credit		<u>413,919,500</u>	<u>163,443,500</u>
b)	Leased land comprising of quarry lease of 1,337 kanals and 58.8 kanals.		<u>94,091,500</u>	<u>95,165,500</u>
26.	NET SALES			
	Local		8,623,273,058	7,804,082,188
	Exports		<u>2,420,846,732</u>	<u>2,275,653,299</u>
			11,044,119,790	10,079,735,487
	Sales tax and excise duty		<u>(2,536,499,020)</u>	<u>(2,282,174,712)</u>
	Discounts and commission to dealers		<u>(377,660,179)</u>	<u>(358,185,430)</u>
			<u>(2,914,159,199)</u>	<u>(2,640,360,142)</u>
			<u>8,129,960,591</u>	<u>7,439,375,345</u>
27.	COST OF SALES			
	Raw materials consumed:			
	Opening stock		9,681,244	19,684,527
	Purchases		495,857,197	383,562,061
	Closing stock		<u>(27,012,719)</u>	<u>(9,681,244)</u>
			478,525,722	393,565,344
	Packing material consumed (net of export rebate)		675,345,451	581,439,393
	Stores and spares consumed		201,457,776	159,069,166
	Fuel and power		4,250,344,354	3,748,509,600
	Salaries, wages and benefits	27.1	262,496,325	226,738,121
	Rent, rates and taxes		15,762,613	22,271,542
	Travelling and conveyance		35,642,306	34,823,550
	Inplant transportation		32,647,281	45,120,418
	Insurance		80,864,052	83,244,831
	Communication		5,286,663	6,998,869
	Utilities		13,373,936	10,995,481
	Consumables		11,568,250	25,302,799
	Office canteen		30,251,846	31,886,447
	Depreciation	4.1.3	642,098,207	900,845,621
	Repairs and maintenance		70,308,470	81,480,213
	Technical assistance fee		130,864,120	326,720,739
	Legal and professional charges		9,607,469	7,472,572
	Other factory overheads		<u>26,876,948</u>	<u>29,205,680</u>
			6,973,321,789	6,715,690,386
	Work-in-process			
	Opening stock		536,026,015	363,801,997
	Closing stock		<u>(442,073,146)</u>	<u>(536,026,015)</u>
			93,952,869	(172,224,018)
	Cost of goods manufactured		<u>7,067,274,658</u>	<u>6,543,466,368</u>
	Finished goods			
	Opening stock		173,489,184	90,163,790
	Closing stock {including in transit of Rs. 14,588,417 (2008: Rs. 101,986,472)}		<u>(94,505,836)</u>	<u>(173,489,184)</u>
			78,983,348	(83,325,394)
			<u>7,146,258,006</u>	<u>6,460,140,974</u>

Notes To The Financial Statements

For The Year Ended 31 December 2009

27.1 Included herein is a sum of Rs. 6,866,919 (2008: Rs. 6,636,190) on account of contributions to staff retirement benefits and Rs. 5,324,146 (2008: Nil) on account of share based payments to employees.

	Note	2009 Rupees	2008 Rupees
28. DISTRIBUTION COST			
Salaries and benefits	28.1	72,067,212	49,821,761
Traveling expenses		3,818,433	4,559,008
Vehicle running expenses		400,031	229,018
Freight and handling charges		348,668,685	386,302,105
Repairs and maintenance		3,568,229	5,184,425
Rent, rates and taxes		12,448,028	8,481,835
Accommodation and living		135,246	-
Legal and professional charges		1,053,081	513,444
Utilities		1,753,162	1,540,823
Advertisement expenses		1,886,477	6,759,793
Office canteen		4,279,147	5,248,879
Printing and stationery		1,011,153	697,215
Meetings and conferences		53,108	413,015
Telephone and postage		3,021,509	3,505,356
Newspapers and periodicals		46,260	46,973
Fees and subscriptions		1,220,088	684,078
Depreciation	4.1.3	3,196,521	3,014,589
Security charges		887,857	1,080,699
Insurance		262,703	235,018
Provision against debt considered doubtful		-	4,714,538
		<u>459,776,930</u>	<u>483,032,572</u>

28.1 Included herein a sum of Rs. 1,781,811 (2008: Rs. 2,028,747) on account of contributions to staff retirement benefits and Rs. 1,789,552 (2008: Nil) on account of share based payments to employees.

29. ADMINISTRATIVE EXPENSES			
Salaries and benefits	29.1	111,958,139	92,176,060
Travelling expenses		7,847,933	9,565,378
Vehicle running expenses		5,293,069	3,827,903
Repairs and maintenance		9,037,401	7,335,689
Rent, rates and taxes		14,885,915	13,378,827
Accommodation and living		48,056	509,934
Legal and professional charges		51,597,668	53,908,183
Auditors' remuneration	29.2	1,309,000	1,103,000
Utilities		4,493,469	2,848,165
Advertisement expenses		1,202,869	1,703,988
Technical assistance fee		41,604,751	109,338,392
Royalty		268,288,699	111,585,331
Office canteen		2,754,051	3,369,039
Printing and stationery		1,659,016	1,693,935
Meetings and conferences		497,140	1,034,305
Telephone and postage		3,424,115	5,142,162
Newspapers and periodicals		65,236	70,795
Donations	29.3	1,020,360	50,000
Fees and subscriptions		4,236,564	1,403,552
Depreciation	4.1.3	10,407,352	13,275,108
Amortization of intangibles	5	1,143,902	3,045,809
Security charges		1,303,426	1,644,117
Software expenses		2,034,054	2,791,421
Insurance		1,132,865	864,996
		<u>547,245,050</u>	<u>441,666,089</u>

Notes To The Financial Statements

For The Year Ended 31 December 2009

29.1 Included herein a sum of Rs. 3,327,068 (2008: Rs. 2,526,818) on account of contributions to staff retirement benefits and Rs. 1,375,174 (2008: Nil) on account of share based payments to employees.

	Note	2009 Rupees	2008 Rupees
29.2	Auditors' remuneration		
	Statutory audit	903,400	803,000
	Half yearly review	350,000	200,000
	Out of pocket expenses	55,600	100,000
		<u>1,309,000</u>	<u>1,103,000</u>
29.3	Donations have not been made to any party in whom any director of the company or his/her spouse has any interest.		
30.	OTHER OPERATING EXPENSES		
	Provision for doubtful receivables	16,625,608	-
	Loss on disposal of fixed assets	-	18,152,652
	Fixed assets written off	-	16,882,964
	Others	4,966,770	-
		<u>21,592,378</u>	<u>35,035,616</u>
31.	OTHER OPERATING INCOME		
	From financial assets		
	Mark-up on unsecured long term advance	1,268,280	1,478,973
	Return on deposit accounts	1,022,899	4,444,803
		2,291,179	5,923,776
	From assets other than financial assets		
	Scrap sales	7,772,589	2,854,029
	Gain on disposal of fixed assets	3,092,485	-
	Refund of excess insurance premium	3,501,173	11,630,628
	Payables written back	4,561,217	-
		18,927,464	14,484,657
	Imputed interest on long term liabilities	20	27,000,000
		<u>21,218,643</u>	<u>47,408,433</u>
31.1	This represents refund received on account of excess insurance premium relating to prior years.		
32.	FINANCE COSTS		
	Mark-up/interest on:		
	secured long term financing	753,669,283	874,713,087
	secured short term running finances	273,634,349	124,669,360
	shareholders' loan	-	44,461,138
	liabilities against assets subject to finance lease	739,983	5,121,761
		1,028,043,615	1,048,965,346
	Adjustment of imputed interest on long term liabilities	27,000,000	-
	Exchange loss - net	147,855,257	406,910,154
	Letter of guarantee commission	2,517,968	3,392,860
	Bank charges	25,393,010	22,405,406
		<u>1,230,809,850</u>	<u>1,481,673,766</u>
33.	TAXATION		
	Current	33.1	(24,461,787)
	Deferred	8.1	-
			<u>(24,461,787)</u>
			<u>172,261,681</u>

Notes To The Financial Statements For The Year Ended 31 December 2009

- 33.1** The income tax authorities have finalized tax assessments of the Company up to and including the assessment year 2004-2005 (year ended 30 June 2004). Tax returns for tax years 2005 to 2009 were filed and stand assessed in terms of Section 120 of the Income Tax Ordinance, 2001. However, the taxation authorities are empowered to open the assessments at any time within five years of the date of filing of returns.

The relationship between income tax expense and accounting profit has not been presented in these financial statements as the Company has reported losses for tax purposes.

	2009 Rupees	2008 Rupees
34. LOSS PER SHARE - BASIC AND DILUTED		
Net loss for the year	<u>(1,278,964,767)</u>	<u>(1,242,503,558)</u>
Weighted average number of ordinary shares outstanding during the year	<u>1,312,644,488</u>	<u>1,224,799,777</u>
Basic loss per share	<u>(0.97)</u>	<u>(1.01)</u>
34.1 Weighted average number of shares outstanding during the year	Numbers	Numbers
Opening number of ordinary shares	1,312,644,488	1,134,514,936
Weighted average of ordinary shares issued on 30 June 2008	-	90,284,841
	<u>1,312,644,488</u>	<u>1,224,799,777</u>

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for the year as remuneration and benefits to the Chief Executive, Directors and Executives of the Company are as follows:

	2009	2008	2009	2008	2009	2008
	Chief Executive		Directors		Executives	
	Rupees					
Managerial remuneration	8,761,896	6,998,262	8,441,222	523,076	58,724,355	42,247,221
Provident fund	529,844	589,551	360,000	34,878	3,313,458	3,111,174
Other expenses	466,666	406,350	300,000	1,345,609	4,443,189	3,205,603
Bonus	2,344,441	5,122,344	928,521	-	10,309,742	10,251,897
	<u>12,102,847</u>	<u>13,116,507</u>	<u>10,029,743</u>	<u>1,903,563</u>	<u>76,790,744</u>	<u>58,815,895</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>44</u>	<u>36</u>

- 35.1** In addition to the above remuneration, the Chief Executive, Directors and Executives are also provided with Company maintained cars.

	2009 Rupees	2008 Rupees
35.2 Meeting fees		
Directors	<u>10,000</u>	<u>6,000</u>
Number of directors	<u>11</u>	<u>11</u>

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise ultimate parent company, parent company, associated undertakings, employee retirement benefit plan and key management personnel. Amounts due from / (to) related parties are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 35.

Ultimate parent company

Lafarge S.A., France

Notes To The Financial Statements

For The Year Ended 31 December 2009

Parent company

Pakistan Cement Holding

Other related parties with whom the Company had transactions

Associates

Lafarge Building Materials Holding
 Emirates Cement Company
 United Cement Company
 Lafarge Cement Trading
 Al - Safwa - Kingdom of Saudi Arabia
 Cementia Trading - Switzerland
 Lafarge Cement Egypt
 Algerian Cement Company
 Lafarge Middle East & Africa
 Marine Cement Limited - Switzerland

Employee benefit plans

General Provident Fund Trust

Year end balances

Balances with the related parties are disclosed in respective notes to the financial statements

Transactions with the related parties during the year

Disclosure of transactions between the Company and related parties other than those which have been disclosed in these financial statements:

	2009 Rupees	2008 Rupees
The Ultimate Parent Company		
- Services received	169,454	1,651,550
- Services provided	5,876,108	889,125
- Royalty expense under Industrial Franchise Agreement (IFA)	268,288,699	-
- Payment received during the year	5,791,108	-
Associates		
- Technical assistance fee and other expenses	172,468,871	622,269,045
- Demurrage charges	-	986,745
- Services provided	8,704,301	27,011,088
- Services received	1,808,092	-
- Payments received against services	39,250	40,365,246
- Sales	414,132,305	453,108,498
- Receipts against sales	347,324,827	517,745,182
- Royalty expense	-	111,585,331
Contributions to Provident Fund Trust	11,975,798	11,191,755

All transactions involving related parties arising in the normal course of business are conducted at arm's length consideration on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

Notes To The Financial Statements For The Year Ended 31 December 2009

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and equity price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's financial liabilities mainly comprise long term financing, liability against asset subject to finance lease, other long term liabilities, trade and other payables, payable to related parties, accrued mark-up and short-term borrowings. The main purpose of financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise long term advance, long term deposits, advances, trade debts, interest accrued, other receivables and cash and bank balances.

37.1 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates and equity price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range, and the management manages these risks as explained in the following paragraphs.

37.1.1 INTEREST / MARK-UP RATE RISK MANAGEMENT

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of change in market interest rate relates primarily to the Company's long term financing, liabilities against assets subject to finance lease and short-term borrowings with floating interest rates. At 31 December 2009, the Company's entire borrowings are at floating rate of interest.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial assets and liabilities was:

	2009 Rupees	2008 Rupees
Financial assets		
Fixed rate assets		
Long term advance	82,636,000	92,965,500
Floating rate assets		
Saving accounts	35,291,708	10,258,491
	<u>117,927,708</u>	<u>103,223,991</u>
Financial liabilities		
Floating rate liabilities		
Long term financing	4,388,800,391	5,702,368,718
Liabilities against assets subject to finance lease	-	33,288,273
Short term borrowings	2,317,128,929	2,418,073,356
	<u>6,705,929,320</u>	<u>8,153,730,347</u>

Sensitivity analysis

A change of 1% in interest rate at the reporting date would have changed Company's loss for the year and accumulated losses by the amounts shown below, with all other variables held constant.

		2009	2008
Change in interest rate	± Percentage	1%	1%
Effect on loss for the year	± Rupees	66,706,376	81,434,719
Effect on accumulated losses	± Rupees	66,706,376	81,434,719

37.1.2 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk due to transactions denominated in foreign currencies primarily on account of imports relating to plant and machinery equipments and payable to related parties. However, the Company is naturally hedged against this through its exports to the extent of 3.5%.

Notes To The Financial Statements For The Year Ended 31 December 2009

Exposure to foreign currency risk

The Company's exposure to foreign currency risk in major currencies is as follows:

	US Dollar	Euro	Egyptian pound	Emirates Dirham	Great Britain Pound	Algerian Dinar
31 December 2009						
Trade and other payables	3,138,297	1,880,131	-	-	-	-
Related party payable	5,040,255	2,135,012	58,726,642	621,446	111,794	3,697,325
Advances to suppliers	-	(48,936)	-	-	-	-
Trade debts	(805,695)	-	-	-	-	-
Other receivables	(5,293)	-	-	-	-	-
Net exposure	7,367,564	3,966,207	58,726,642	621,446	111,794	3,697,325

Exchange rates

Average rate	81.71	113.80	15.49	22.90	136.63	1.15
Reporting date rate	84.23	121.40	15.44	22.93	136.64	1.16

31 December 2008

Trade and other payables	3,649,082	2,647,483	-	-	-	-
Related party payable	3,956,429	-	38,716,901	514,438	106,225	3,697,325
Advances to suppliers	(15,330)	(21,223)	-	-	-	-
Trade debts	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Net exposure	7,590,181	2,626,260	38,716,901	514,438	106,225	3,697,325

Exchange rates

Average rate	70.74	104.03	14.31	21.51	117.48	1.11
Reporting date rate	79.08	110.05	14.34	21.53	115.54	1.11

Sensitivity analysis

If the functional currency, at reporting date, had fluctuated by 5% against the USD, GBP, Euro, EGP, Emirates Dirham and Algerian Dinar with all other variables held constant, the impact on loss for the year would have been:

			2009	2008
Change in exchange rate	±	Percentage	5%	5%
Effect on loss for the year	±	Rupees	102,011,891	73,595,245
Effect on accumulated losses	±	Rupees	102,011,891	73,595,245

37.1.3 EQUITY PRICE RISK

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

37.2 CREDIT RISK

Credit risk is the risk that a counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from long term advance, long term deposits, trade debts, advances, other receivables and deposits with banks.

Credit risk represents accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. All financial assets except cash in hand are subject to credit risk. Since major part of advances to suppliers and contractors are secured against performance bonds and sales are largely made against advances, the Company believes that it is not exposed to major concentration of credit risk.

Notes To The Financial Statements For The Year Ended 31 December 2009

Exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date is as follows:

	2009 Rupees	2008 Rupees
Long term advance	77,868,592	82,636,000
Long term deposits	40,578,283	43,787,015
Trade debts	76,614,388	33,926,585
Advances	37,537,844	51,610,972
Other receivables	24,454,058	74,360,916
Bank balances	68,800,715	53,548,019
	325,853,880	339,869,507

The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rate. Credit ratings and exposure of cash and bank balances with each of the counter parties is as follows:

Savings Account

Name of Bank	Long Term Rating	Short Term Rating	Rating Agency	Rupees
United Bank Limited	AA+	A-1+	JCR-VIS	35,291,708

37.3 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company maintains flexibility in funding by maintaining availability under control committed credit lines.

The table below summarizes the maturity profile of the Company's financial liabilities as at reporting date.

	Carrying amount	Less than one year	One to five years
	Rupees		
31 December 2009			
Long term financing	4,388,800,391	1,313,568,514	3,075,231,877
Trade and other payables	1,138,713,140	1,138,713,140	-
Payable to related parties	1,834,381,231	1,834,381,231	-
Accrued markup	261,290,823	261,290,823	-
Short term borrowings	2,317,128,929	2,317,128,929	-
	9,940,314,514	6,865,082,637	3,075,231,877
	Carrying amount	Less than one year	One to five years
	Rupees		
31 December 2008			
Long term financing	5,702,368,718	1,313,568,332	4,388,800,386
Liabilities against assets subject to finance lease	33,288,273	11,974,155	21,314,118
Other long term liabilities	1,270,820,113	-	1,270,820,113
Trade and other payables	1,146,612,874	1,146,612,874	-
Accrued markup	378,636,116	378,636,116	-
Short term borrowings	2,418,073,356	2,418,073,356	-
	10,949,799,450	5,268,864,833	5,680,934,617

37.4 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

At 31 December 2009 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

37.5 CAPITAL RISK MANAGEMENT

Capital includes equity attributable to the equity holders of the Company.

Notes To The Financial Statements


For The Year Ended 31 December 2009

The Board's policy is to maintain a strong capital base so as to maintain stakeholders' confidence and to ensure sustainable future development of the business. The Board of Directors monitors return on equity and ensures that the Company has an appropriate capital mix. Return on equity is defined as percentage of earning before interest and tax to the total capital employed, whereas capital mix is defined as the ratio between equity and debt capital of the Company. Board of Directors monitors the Company's performance along with the capital and debt costs. There were no changes to the Company's approach to the capital management during the year.

The Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total bank borrowings, liabilities against assets subject to finance lease less cash and bank balances.

	Note	2009 Rupees	2008 Rupees
Long term financing		3,075,231,877	5,702,368,718
Liabilities against assets subject to finance lease		-	33,288,273
Short term borrowings		2,317,128,929	2,418,073,356
Cash and bank balances		(71,260,931)	(55,472,574)
Net debt		5,321,099,875	8,098,257,773
Issued, subscribed and paid-up capital		13,126,444,880	13,126,444,880
Reserves		(3,362,517,173)	(2,092,041,278)
Total capital		9,763,927,707	11,034,403,602
Total capital and net debt		15,085,027,582	19,132,661,375
Gearing ratio		35.27%	42.33%
38. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	71,260,931	55,472,574
Short term borrowings	24	(2,317,128,929)	(2,418,073,356)
		(2,245,867,998)	(2,362,600,782)
39. PLANT CAPACITY			
Installed capacity		2,400,000	2,400,000
Actual production		2,224,333	2,001,565
Difference during the year is due to demand and supply situation of the product.			
40. NUMBER OF EMPLOYEES		340	381
41. DATE OF AUTHORIZATION FOR ISSUE			
These financial statements were authorised for issue on March 21, 2010 by the Board of Directors of the Company.			
42. GENERAL			
- Figures have been rounded off to the nearest Rupee.			
- The following major corresponding figures have been reclassified for the purposes of better presentation:			

From	To	Rupees
Cost of sales	Distribution cost	404,383,994
Administrative expenses	Distribution cost	78,648,578
Other receivables	Tax refunds from the Government	74,282,918
Advances	Taxation - net	97,616,916


Maj. Gen. (R) Rehmat Khan
Chief Executive Officer


Bilal Hamid Javid
Director

Pattern Of Shareholding as At December 31, 2009

Number Of Shareholders	Share holding		Total Shares Held
	From	To	
107	1	100	5,387
1,311	101	500	575,889
1,669	501	1,000	1,606,304
3,892	1,001	5,000	11,639,877
1,427	5,001	10,000	11,443,893
566	10,001	15,000	7,376,811
363	15,001	20,000	6,742,424
229	20,001	25,000	5,303,784
176	25,001	30,000	5,035,477
95	30,001	35,000	3,154,338
97	35,001	40,000	3,719,003
47	40,001	45,000	2,022,665
105	45,001	50,000	5,167,215
39	50,001	55,000	2,057,212
30	55,001	60,000	1,751,275
28	60,001	65,000	1,747,975
25	65,001	70,000	1,719,960
37	70,001	75,000	2,710,829
19	75,001	80,000	1,486,226
9	80,001	85,000	756,000
16	85,001	90,000	1,408,344
10	90,001	95,000	926,045
60	95,001	100,000	5,981,212
15	100,001	105,000	1,539,652
6	105,001	110,000	654,760
8	110,001	115,000	900,772
12	115,001	120,000	1,417,300
9	120,001	125,000	1,115,557
4	125,001	130,000	508,700
4	130,001	135,000	535,000
2	135,001	140,000	278,700
11	140,001	145,000	1,580,433
14	145,001	150,000	2,091,250
5	150,001	155,000	760,850
5	155,001	160,000	798,500
5	160,001	165,000	805,802
7	165,001	170,000	1,175,875
6	170,001	175,000	1,039,375
4	175,001	180,000	703,800
4	180,001	185,000	726,827
3	185,001	190,000	563,250
5	190,001	195,000	963,941
15	195,001	200,000	2,996,011
2	200,001	205,000	402,501
2	205,001	210,000	420,000
2	210,001	215,000	423,000
2	215,001	220,000	435,500
3	220,001	225,000	670,366
2	225,001	230,000	455,276
1	230,001	235,000	231,950

Pattern Of Shareholding as At December 31, 2009

Number Of Shareholders	Share holding		Total Shares Held
	From	To	
2	235,001	240,000	475,500
3	240,001	245,000	731,786
3	245,001	250,000	746,450
3	255,001	260,000	780,000
1	260,001	265,000	264,713
2	265,001	270,000	536,500
2	270,001	275,000	544,315
3	275,001	280,000	834,680
2	285,001	290,000	580,000
1	290,001	295,000	292,017
6	295,001	300,000	1,800,000
2	300,001	305,000	606,891
1	305,001	310,000	306,000
1	315,001	320,000	317,500
2	320,001	325,000	641,626
1	325,001	330,000	329,875
1	330,001	335,000	335,000
1	345,001	350,000	350,000
4	350,001	355,000	1,412,200
1	360,001	365,000	360,801
1	365,001	370,000	365,250
2	375,001	380,000	754,000
1	380,001	385,000	385,000
1	390,001	395,000	394,913
3	395,001	400,000	1,200,000
1	400,001	405,000	400,200
3	410,001	415,000	1,239,000
1	415,001	420,000	419,162
1	420,001	425,000	424,000
1	430,001	435,000	435,000
2	440,001	445,000	882,525
1	445,001	450,000	450,000
1	470,001	475,000	475,000
4	495,001	500,000	2,000,000
1	505,001	510,000	505,500
2	515,001	520,000	1,040,000
1	520,001	525,000	523,875
2	545,001	550,000	1,100,000
3	595,001	600,000	1,797,000
1	630,001	635,000	632,102
1	655,001	660,000	659,000
1	660,001	665,000	660,300
1	690,001	695,000	693,000
1	695,001	700,000	699,000
3	700,001	705,000	2,109,811
2	720,001	725,000	1,450,000
2	725,001	730,000	1,455,650
1	730,001	735,000	733,650
1	735,001	740,000	740,000
1	750,001	755,000	754,437

Pattern Of Shareholding as At December 31, 2009

Number Of Shareholders	Share holding		Total Shares Held
	From	To	
1	755,001	760,000	757,399
1	775,001	780,000	775,200
1	795,001	800,000	800,000
1	825,001	830,000	825,500
2	895,001	900,000	1,800,000
1	910,001	915,000	911,500
1	940,001	945,000	944,500
3	995,001	1,000,000	2,998,000
1	1,000,001	1,005,000	1,000,025
1	1,020,001	1,025,000	1,023,312
1	1,050,001	1,055,000	1,053,738
1	1,150,001	1,155,000	1,154,000
1	1,350,001	1,355,000	1,350,050
1	1,470,001	1,475,000	1,470,125
1	1,510,001	1,515,000	1,514,500
1	1,820,001	1,825,000	1,821,000
3	1,995,001	2,000,000	5,994,100
1	2,135,001	2,140,000	2,138,625
1	2,395,001	2,400,000	2,400,000
1	2,940,001	2,945,000	2,943,711
1	2,995,001	3,000,000	3,000,000
1	3,670,001	3,675,000	3,670,100
1	3,985,001	3,990,000	3,986,400
1	4,515,001	4,520,000	4,519,095
1	5,000,001	5,005,000	5,001,000
1	5,870,001	5,875,000	5,874,142
1	5,930,001	5,935,000	5,933,830
1	7,070,001	7,075,000	7,071,000
1	7,200,001	7,205,000	7,200,246
1	8,515,001	8,520,000	8,519,095
1	10,570,001	10,575,000	10,572,476
1	12,665,001	12,670,000	12,668,000
1	19,995,001	20,000,000	19,999,980
1	31,550,001	31,555,000	31,553,254
1	42,127,001	42,132,000	42,127,375
1	284,420,001	284,425,000	284,424,423
1	676,690,001	676,695,000	676,692,465
10646			1,312,644,488

Pattern Of Shareholding as At December 31, 2009

CATEGORIES OF SHAREHOLDERS	SHARES HELD	%
Directors, Chief Executive, their Spouse and Minor Children	11,473,826	0.87
Associated Companies Undertakings & Related Parties	961,116,888	73.22
NIT/ICP	42,127,375	3.21
Banks, Development Finance Institutions and Non Banking Financial Institution	9,890,500	0.75
Insurance Companies	21,483,480	1.64
Modarabas and Mutual Funds	841,350	0.07
Shareholders holding 10% (*detail given below)		
General Public		
a. Local	191,805,154	14.61
b. Foreign	1,225	0.00
Foreign Companies	46,539,000	3.55
Joint Stock Companies	25,924,391	1.98
Citibank N.A. as custodian of Global Depository Receipts	1,350,050	0.10
Others		
i. Pakistan Gums & Chemical Ltd Executive Staff Pension Fund	10,875	0.00
ii. Trustee-Army Welfare Trust	1,000	0.00
iii. Pwr-1057 Sarhad Rural Support Programme	50,000	0.00
iv. Trustees Resource Development Foundation	5,000	0.00
v. Trustee Overseas Pakistanis Pension Trust	4,374	0.00
vi. Karachi Parsi Anjuman Trust Fund	20,000	0.00
TOTAL	1,312,644,488	100.00

Detail of Pattern of Shareholding as per Requirements of Code of Corporate Governance

Associated Companies Undertakings & Related Parties		
i. Pakistan Cement Holding Limited		676,692,465
ii. Camden Holding PTE Limited		284,424,423
NIT/ICP		
i. National Bank of Pakistan - Trustee Wing		42,127,375
Directors, Chief Executive, their Spouse and Minor Children		
i. Khawaja Mohammad Naveed	10,572,476	
ii. Mr. Samy Ahmed Abdelkader	728,075	
iii. Maj. Gen. (R) Rehmat Khan	500	
iv. Mr. Ahmad Said Heshmat Hassan	725	
v. Mr. Ahmed Shebl Tolba Daabes	725	
vi. Mr. Jean Desazars	725	
vii. Mrs. Amal Tantawi	725	
viii. Mr. Ashraf Abouelkheir	725	
ix. Mr. Amr Ali Reda	2,900	
x. Mr. Bilal Hamid Javaid	6,750	
xi. Mrs. Amany Hussein Rabie	159,500	
		11,473,826
Executives		-
Public Sector Companies & Corporations		
i. State Life Insurance Corporation		19,999,980
Banks, Development Finance Institutions and Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds		12,215,350
Shareholders holding 10% and above Voting Interests		
* i. Pakistan Cement Holding Limited		676,692,465
* ii. Camden Holding PTE Limited		284,424,423

LAFARGE PAKISTAN CEMENT Ltd.

Address: 18-B, Kaghan Road
F-8 Markaz, Islamabad

UAN: +92-51-111 111 722

Fax: +92-51-281 7300

URL: www.lafargepakistan.com.pk

E-mail: company.secretary@pk.lafarge.com

